

Message Text

CONFIDENTIAL

PAGE 01 ANKARA 02573 011027Z

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-10 AID-05 SAM-01 CIAE-00 DODE-00

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TO SECSTATE WASHDC 8602
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E.O. 11652: GDS
TAGS: EALR, EGEN, PINT, TU, CY
SUBJ: TURKEY AND THE ECONOMY OF THE FEDERATED TURKISH
CYPRIOT STATE (FTCS)

REF: A. ANKARA 356; B. NICOSIA 1142

SUMMARY: TURKEY HAS INAUGURATED AN AID PROGRAM FOR FTCS
CONFINED TO SUPPLYING TECHNICAL ASSISTANCE IN SELECTED AREAS OF
ECONOMIC ACTIVITY, AND THE PROGRAM MAY BE EXPANDED BY SUPPLY-
ING TURKISH CIVIL SERVICE EXPERTS TO ASSIST FTCS ON A BROAD
BASIS. FINANCING FOR THE ECONOMIC ACTIVITY IS TO BE SUPPLIED
BY LOANS FROM A TURKISH CYPRIOT HOLDING COMPANY JOINTLY WITH TURKISH
STATE ECONOMIC ENTERPRISES. THIS PROGRAM WAS ONLY RECENTLY
INAUGURATED. IT MAY BE REVISED BY THE DEMIREL GOVERNMENT
OR ITS ACTIVE PERSONNEL REPLACED. END SUMMARY.

1. TURKEY IS ESTABLISHING A TECHNICAL ASSISTANCE MISSION IN
FTCS UNDER AMBASSADOR ZIYA MUEZZINOGLU (FORMER MINISTER OF
FINANCE) IN HIS CAPACITY AS CHAIRMAN OF THE INTERMINISTERIAL
CYPRUS COORDINATING COMMITTEE. REPORTEDLY MUEZZINOGLU WAS
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PAGE 02 ANKARA 02573 011027Z

RECENTLY GIVEN A FREE HAND BY PRIME MINISTER IRMAK TO SELECT

PERSONNEL FROM TURKISH CIVIL SERVICE RANKS. UEEZZINOGLU PICKED MUSTAFA YULUG TO HEAD THE MISSION IN NICOSIA. YULUG IS A CAPABLE SENIOR CIVIL SERVANT WITH SOME EXPERIENCE IN THE WORLD BANK IN WASHINGTON, BUT REPORTEDLY IS WEAK IN EXECUTIVE CAPABILITY: HE FINDS IT DIFFICULT TO MAKE DECISIONS.

2. AT PRESENT THE TECHNICAL ASSISTANCE MISSION IS CONCENTRATING IN THREE SPECIFIC AREAS: (A) LABOR LAW, EMPLOYMENT, AND SOCIAL SECURITY; (B) INDUSTRY; AND (C) TOURISM. OTHER ACTIVITIES ARE SCHEDULED TO BE DEVELOPED IN THE FUTURE. SENIOR LABOR MINISTRY OFFICIALS NURI UZEL AND TURAN ERSOY ARE ASSISTING FTCS IN WRITING A LABOR CODE, IN FUSING THE EXISTING ENGLISH STYLE SOCIAL SECURITY SYSTEM WITH THE TURKISH, AND IN DEVELOPING EMPLOYMENT POLICIES.

3. ORHAN KUTLUBAY, WITH BROAD CIVIL SERVICE AND FORMER PRIVATE ENTERPRISE EXPERIENCE, WAS SELECTED TO ASSIST IN THE DEVELOPMENT OF INDUSTRIAL ACTIVITIES. USING THE INVESTMENT OF THE JOINT HOLDING COMPANY, KUTLUBAY HAS BEEN CONCENTRATING IN FOUR INDUSTRIES: PLASTICS, COTTONSEED, ELECTRIC WIRE, AND JUICE CONCENTRATES. A PLASTICS FACTORY IS REPORTEDLY BACK IN FULL OPERATION AND ONE OF TURKEY'S BETTER JUICE FIRMS IS ASSISTING IN THE JUICE CONCENTRATES OPERATION.

4. NEJDET EZGU, ALSO A CIVIL SERVANT, HAS BEEN CHARGED WITH TRYING TO REKINDLE TOURISM IN FTCS. HE HAS BEEN UNSUCCESSFUL SO FAR IN HIS EFFORTS TO PERSUADE THE BRITISH HALLWAYS CORPORATION TO ASSIST IN GETTING SOME OF THE HOTELS IN THE FAMAGUSTA AREA FUNCTIONING AGAIN.

5. THE TURKISH GOVERNMENT IS PLANNING TO MAKE AVAILABLE ON A LOAN BASIS COMPETENT PERSONNEL FROM THROUGHOUT THE TURKISH CIVIL SERVICE TO ASSIST THE TURKISH CYPRIOTS IN DEVELOPING THEIR ADMINISTRATION. ASSIGNMENTS ARE SCHEDULED TO BE FOR TWO YEARS. THE TURKISH STATE PLANNING OFFICE IS CURRENTLY DRAWING UP A PROVISIONAL ECONOMIC PLAN FOR FTCS TO BE SUPPLEMENTED BY ONE OR POSSIBLY TWO ANNUAL PROGRAMS. THIS IS TO BE TRANSITIONAL UNTIL A FIVE-YEAR DEVELOPMENT PLAN CAN BE DEVISED FOR FTCS SOMETIME IN 1976 OR 1977.

CONFIDENTIAL

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PAGE 03 ANKARA 02573 011027Z

6. HOWEVER, THE "ECONOMIC CENSUS" OF FTCS TAKEN EARLIER THIS YEAR HAS NOT BEEN COMPLETED. THE DELAY IS SAID TO HINGE UPON COMPUTER PRINT-OUT PROBLEMS. THE CENSUS RESULTS ARE SUPPOSED TO BE COMPLETED ABOUT APRIL 10 AND ARE TO BE PRINTED IN 80 COPIES ONLY; THEY ARE TO BE CLOSELY HELD. ON A PROVISIONAL BASIS IT WAS SUGGESTED THERE ARE 118,000 TURKISH CYPRIOTS IN FTCS AND THAT WHEN THE RECORDS ARE COMPLETED THE TOTAL WILL PROBABLY BE INCREASED TO 120,000. (FOR POLITICAL REASONS WE EXPECT THE

GOT TO CONTINUE TO MAINTAIN THAT THERE ARE AT LEAST 120,000
TURKISH CYPRIOTS IN FTCS.)

7. FOR A SHORT TIME LAST SUMMER AND EARLY FALL, SOME 3,000-
5,000 UNSKILLED TURKS WERE SENT FROM MERSIN TO ASSIST ESSENTIALLY
IN EASING LABOR PROBLEMS, E.G., PICKING ORANGES. THIS DID NOT
WORK OUT WELL AND AT PRESENT PRIORITY FOR EMPLOYMENT
IS BEING GIVEN TO THE TURKISH CYPRIOTS. THERE ARE REPORTEDLY NO
PLANS AT PRESENT FOR SENDING TURKISH LABOR FROM THE MAINLAND
EXCEPT FOR CERTAIN SKILL SHORTAGES.

8. COMMENT: MUEZZINOGLU WAS APPOINTED BY FORMER PRIME
MINISTER ECEVIT AND THE PEOPLE MUEZZINOGLU HAS SENT TO CYPRUS
THUS FAR ARE POLITICALLY LEFT OF CENTER. IT IS QUESTIONABLE HOW
LONG ALL OF THEM WILL BE CONTINUED IN THEIR JOBS BY THE DEMIREL
GOVERNMENT.

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